

**INITIAL STATEMENT OF REASONS
MOBILEHOME AND SPECIAL OCCUPANCY PARKS, MOBILEHOME-
MANUFACTURED HOUSING, EMPLOYEE HOUSING, OCCUPATIONAL
LICENSING AND FACTORY-BUILT HOUSING PROGRAMS
PROPOSED REGULATORY FEE REALIGNMENT
TITLE 25, CALIFORNIA CODE OF REGULATIONS
SECTIONS 644, 645, 1004.5, 1016, 1017, 1020.1, 1020.4, 1020.7, 1020.9, 1025, 1611, 2004.5,
2016, 2017, 2040.4, 2020.7, 2020.9, 2611, 3060, 4044, 4884, 5040, 5360, and 5814**

SPECIFIC PURPOSE OF THESE REGULATIONS:

The Department of Housing and Community Development (HCD) proposes to modify the above-referenced regulations to realign time-based regulatory fees for the following programs:

- Mobilehome and Special Occupancy Parks (MP/SOP) Program
- Manufactured Housing (MH) Program
- Factory Built Housing (FBH) Program
- Occupational Licensing (OL) Program
- Employee Housing (EH) Program

Health and Safety Code Sections 17036 (EH), 18031 (MH and OL), 18503 (MP), 18870.4 (SOP), and 19982 (FBH), authorize HCD to establish fees based on the actual costs of administering and enforcing the above-referenced programs. HCD administers these programs which are supported through the collection of service-related fees. However, these existing fee schedules, which were last amended in the late 1980s, fail to generate revenue adequate for staffing levels necessary to meet statutorily-mandated responsibilities. This inability to provide proper staffing levels results in reduced public health and safety services and inadequate support for industry and consumer activities, creating unacceptable response times and increasing program backlogs.

Consequently, over the past 18 months, time-and-motion studies were undertaken which provide objective evidence that the current time-based regulatory fees are significantly less than the actual cost of staff activities. In addition, all time-based activity fees were evaluated for adequacy. For each regulatory fee every process step was timed from receipt of a request for service (permit application, complaint, etc.) through completion and data entry. Timing costs were factored using civil service classifications and 2002-03 salary rates. This study provides the actual cost associated with all time-based services.

Copies of all documentation relied upon to determine specific activity times and related costs are found Volume II of this rulemaking file.

The specific purpose of this regulatory proposal is to realign time-based fees which are inconsistent with the actual costs of the services provided, and eliminate duplicative fees in order to provide necessary health and safety services mandated under the Health and Safety Code.

The following provides information relating to each program, the specific regulation s proposed for amendment, and the necessity for each of these amendments.

Program Descriptions:

Mobilehome and Special Occupancy Parks Program

The Mobilehome Parks (MP) and the Special Occupancy Parks (SOP) Acts (Health and Safety Code, Part 2.1 (commencing with Section 18200) and Part 2.3 (commencing with Section 18860) respectively, establish minimum construction and maintenance standards for mobilehome parks and special occupancy (recreational vehicle and private camping) parks throughout the State. HCD acts as both a proponent and regulator of the mobilehome park lifestyle, establishing the construction, maintenance and administrative requirements, reviews plans and conducts inspections to verify that construction and maintenance are in compliance with minimum State requirements.

At present, HCD staff is responsible for 243,597 mobilehome spaces in 3,389 mobilehome parks and 58,341 spaces in 558 RV parks in 470 cities and counties throughout the state. HCD also monitors and assists the 96 local governments which enforce the MP and SOP Acts in their 1,465 mobilehome parks with 127,696 spaces and 150 RV parks with 31,571 spaces. For various reasons, including insufficient revenue to support their administering this program, local jurisdictions have been canceling local authority and returning jurisdiction to HCD for park enforcement, resulting in increases in the spaces and parks subject to direct HCD operations.

Activities performed under HCD rules by park owners/operators include: Obtaining annual permits to operate; obtaining construction permits; maintaining parks to minimum health and safety standards; and making corrections when cited in response to complaints or as a result of mandated routine maintenance inspections. Activities of residents include obtaining permits for mobilehome accessory structures (cabanas, carports) construction or repairs, and responding to notices of violation after complaints and mandated routine inspections. In either case, if noncompliance occurs, initial inspections are followed by one or more reinspections and enforcement referrals to local public prosecutors.

In addition to the above-mentioned activities, the State's responsibilities also include inspecting and approving manufactured home installations and earthquake resistant bracing systems (ERBS); performing complaint investigations and construction plan review services; enforcing lot line requirements; responding to health and safety complaints and performing routine maintenance inspections; assisting local governments in their local enforcement role; and meeting with stakeholder organizations. HCD also is mandated to review the performance of the 96 cities and counties performing MP and SOP work and provide technical assistance. These reviews, however, due to funding priorities have not occurred for over 10 years.

Park workload in 2002-03 included the following staff activities. Data reflect that approximately 65% of all inspections require reinspections.

- Over 4,300 manufactured home installations, with almost 8,200 violations cited and one or more follow-up inspections;
- Over 1,500 general mobilehome park complaints, with over 1,200 violations cited and one or more follow-up inspections;
- Over 2,200 park construction inspections, with about 1,350 violations cited and one or more follow-up inspections;
- Over 4,000 accessory structure and building inspections, with over 1,800 violations cited and one or more follow-up inspections;

- Over 1,230 mobilehome park maintenance inspections, covering 23,800 lots, resulting in about 85,100 violations cited with one or more follow-up inspections.

Manufactured Housing Program

Factory-Built Housing Program

Occupational Licensing Program

There are five components of the manufactured housing program, four of which are found in the Mobilehomes-Manufactured Housing Act (“MH Act”), Health and Safety Code Division 13, Part 2 (commencing with Section 18000).

1. For manufactured homes constructed to Federal HUD standards, HCD provides plan reviews and permits for all alterations of mobilehomes and manufactured homes located in California, including issuance of permits to construct (alter or repair) and one or more inspections during and/or after the alterations or repairs, for the 635,000 mobilehomes and manufactured homes occupied in California which require roof replacements, siding replacement, water heaters, air conditioners, etc.

HCD is also the focal point for providing assistance and oversight to local governments with respect to their treatment of manufactured homes, and ensures that installations are performed consistent with federal and State requirements.

2. For multi-unit manufactured housing (MUMH) such as factory-constructed duplexes and apartments, which are not subject to HUD’s preemptive standards, HCD’s functions include establishing minimum design and construction safety standards, certifying as well as monitoring private third-party design (plan review) and quality assurance (inspection) entities which provide enforcement of the program on behalf of HCD. Additionally, HCD is the focal point for providing assistance and oversight to local governments with respect to their treatment of MUMHs, and ensures that installations are performed consistent with applicable standards. This is an increasing part of the manufactured housing market, with approximately 180 MUMHs constructed during 2003/04.

3. For commercial modular units and special purpose commercial modulars (structures generally built in facilities for nonresidential occupancy, such as offices, banks and private classrooms). HCD’s statutory functions include establishing minimum construction standards for commercial modulars; certifying and monitoring third-party design (plan review) and quality assurance (inspection) entities hired by the manufacturers; issuing permits to construct (alter or repair); identifying and requiring correction of defects in commercial modular units; and issuing permits for new construction when a commercial modular has a change of use (e.g., from office use to private school use). In each case, where there is a permit or noncompliance, initial inspections are followed by reinspections and enforcement actions if necessary.

In 2003/04, over 3,150 commercial modular insignia were issued for new structures; this does not include activity related to alterations for change of occupancy or repairs to existing structures. HCD also is the focal point for providing assistance and oversight to local governments with respect to their treatment of commercial modular units and special purpose commercial modulars, and ensures that installation and use are consistent with state requirements.

4. For the Factory-Built Housing Act (FBH Act) (Health and Safety Code Division 13, Part 6, commencing with Section 19960) HCD encourages the use of mass production techniques to reduce housing construction costs by establishing and enforcing a single California statewide housing construction code for factory-built housing. FBH, subject to HCD approval, may be comprised of entire houses, dwelling units or building components constructed in a manufacturing facility and assembled at the site. Local government building departments are responsible for building permits and inspection of the installation of the structures delivered and assembled on-site. Almost 51,000 HCD insignia were issued in 2003-04 for FHB units, rooms, or panels, including 192 complete homes.

The FBH program both certifies and monitors private third-party entities which review and approve plans consistent with the California Building Standards Code (Title 24, California Code of Regulations) and then monitor and inspect construction to ensure compliance with the plans. HCD serves as the central point for providing assistance and oversight to local governments with respect to their treatment of FBH products under state law.

5. Consumer protection and prevention of unfair business tactics within the industry are provided by the Occupational Licensing (OL) Program which licenses manufacturers, dealers, and salespersons of both federal and state-code manufactured housing, MUMH, and commercial modulars; investigates unlicensed activity by persons acting as dealers or salespersons and by out-of-state manufacturers; and also investigates and resolves unfair or illegal activities. Through its Ombudsman's Office, HCD received 425 new OL complaints in 2002 (resulting in 221 assignments) and 362 in 2003 (resulting in 262 assignments). The OL Program also administers the Manufactured Housing Recovery Fund for manufactured home purchasers or sellers subjected to fraud or misrepresentation and unable to otherwise collect reimbursement.

Employee Housing Program

The Employee Housing Act (Health and Safety Code (HSC) Section 17000, et seq.) mandates that HCD promulgate statewide preemptive regulations for the EH Program relating to the maintenance, use, and occupancy of "employee housing." Employee housing, is housing that accommodates five or more employees, or in certain circumstances, five or more farm workers in rural areas as both are defined in HSC Section 17008. HCD is the enforcement agency under the EHP unless a local government elects to assume enforcement responsibility pursuant to HSC Section 17050(b). The EH program is effective statewide and preempts all local regulations and provides for the maintenance, use, and occupancy of "employee housing." The EH Program does not regulate employee housing that is government owned or operated migrant worker facilities. The program also does not regulate housing maintained in connection with horse racing facilities or "Employee Community Housing" of at least 200 single-family dwellings of four or more rooms owned and maintained pursuant to the State Housing Law by the employer. Properly maintained permanent housing, including manufactured homes and mobilehomes on a dairy farm may also be exempt from the annual permit requirements of the program. The EH Program also does not regulate housing provided by a public or private school, or any city, county, state, or federal agency.

HCD is the enforcement agency under the EH Program, unless a local jurisdiction elects to assume enforcement responsibility pursuant to HSC Section 17050(b). Enforcement typically consists of inspecting and issuing permits for the operation of employee housing subject to the EH Program and includes identifying facilities, citing violations, and enforcing compliance.

The purpose of the EH Program is to benefit the employees and their families by providing a decent living environment, through the enforcement of rules and regulations that provide for the health, safety, and general welfare of the residents.

Program regulations include specific requirements such as the maintenance of grounds, buildings, sleeping space, and the facilities' sanitation and heating systems. The program also provides technical services and assistance, including on-site inspections. Whether or not the local government assumes jurisdiction, all local governments are required under the EH Program to enforce construction requirements for permanent buildings and other structures at the facilities and for the installation of manufactured housing at employee housing facilities subject to the program.

Approximately 75-80% of persons occupying employee housing facilities regulated under the EH Program are migrant agricultural workers, moving from farm-to-farm as the work connected with agricultural changes through the growing season. Because of the seasonal harvest activity and the state's broad geographical areas and scattered locations of growing areas, workers relocate frequently to where the work is located. Accordingly, much of the employee housing is often operational only on a seasonal basis standing vacant for months. Depending on rotation of crops or sometimes the practice of letting a season pass without planting crops, some employee housing might become "inactive" without being dismantled.

There is a growing problem for the migrant agricultural workers in finding available housing or affordable housing as they move from farm-to-farm through the growing season, which can only be solved through strict enforcement of the EH Program. Consequently, this has resulted in workers often living in "illegal encampments" under unsafe and unhealthy living conditions. It also appears that dilapidated housing and sheds are used for employee housing. Farm labor contractors arrange housing in motels and other forms of housing or have employees "camp" almost none of these housing arrangements are permitted or inspected for health and safety conditions.

EH Program is necessary to assure that critical health and safety provisions are in place for employees who annually use approximately 11,138 beds in 573 facilities in HCDs portion of the statewide EH Program. Unhealthy and unsafe living conditions for employees would impact California's farm industry with sick or unhealthy workers. There would be an increase in, and continued use of, existing "illegal encampments" that would impact on the workers and their families, the general public, and agricultural products due to unregulated health and safety living conditions. There would also be adverse impacts for employees' and other children as a result of sick children—either attending or missing school due to living in unhealthy and unsafe living conditions.

NECESSITY FOR THE PROPOSED AMENDMENTS

Most of HCD's fees for the MP, SOP, FBH, MH and EH Programs were established in the 1980's and now are significantly less than the true cost of staff time for the actual inspection, plan review, related travel, monitoring, enforcement, transaction processing, and administrative activities. Thus, the hourly assistance fee for everything from plan review to reinspections currently is \$60 or \$66 per hour, whereas the actual cost for inspection services is \$196 for the first hour, and \$80 per hour for subsequent hours and \$203 for the first hour of plan reviewing. In addition, the costs associated with most re-inspections—those following a failure to comply with a notice of violation issued following the initial inspection resulting from a complaint or

notice issued during a mandated routine inspection—are not currently included in the regulations. Other functions are supported by fees established in statute which also are significantly less than required to administer HCD's mandated responsibilities.

Consequently, the proposed regulatory fee realignments amend current regulations that assess fees attributable to activities in which a minimum one-hour initial inspection or review activity, or related reinspection or additional review is required. The proposed regulations will ensure that actual costs are reimbursed as well as provide consistency among the programs for substantially similar services.

Further, in all of the manufactured home programs, HCD personnel operate from both the field and administrative office to receive and process complaints or notices of violation, perform inspections and investigations, provide technical assistance to consumers and industry personnel, review and update rules and regulations for use by HCD staff and others, educate or train members of industry or consumers, etc. Given the workload and backlog levels resulting from reduced staff and increased activity and demand, the priority has been on resolving serious health and safety hazards, with lesser priorities deferred for increasing periods of time. Also deferred is the monitoring of HCD-certified third-party design and inspection agencies, local governments enforcing the MP and SOP Acts, EH surveying for illegal facilities, and proactive assistance to consumers and industries. In order to prevent personal or financial injury to the buyers and occupants of manufactured structures, field staff also should be, as required by statute, performing monitoring inspections of manufacturing activity for the non-federal MUMH, commercial modular units, special purpose commercial modular units and factory-built homes, and also should be reviewing plans approved or amended by third-party design review agencies.

Additionally, four years of data indicate that approximately 65% of all initial inspections and notices require second or additional inspections, many of which are not reimbursed when resulting from MP or SOP complaints. This data also indicates that HCD staff performed 638 second or subsequent inspections for complaints in 2002, with 13% (or 83) requiring more than one hour. These hours presently account only for inspection staff time (not supervision and support). Further, by having travel time and inspection time continue to be rolled into overall program costs, this results in compliant park owners and residents subsidizing the costs of noncompliant owners and residents.

The proposed amendments are also needed to mitigate the effects of inadequate inspection staffing levels which not only result in fewer inspections and responses, but delayed inspections for all but the most critical of interventions in the MP/SOP, MH and EH programs. The reductions in support staff caused by insufficient program revenue, requires inspection staff to now assume those related functions. This has reduced time needed to accept complaints or permit transaction documents, perform plan checks for both simple and complex construction, and perform follow-up processing. Overall, there are over 17,000 permits assigned and waiting inspections as of August 1, 2004. Examples of current backlogs include the following, and are listed in greater detail in Volume II of this rulemaking file.

- 14-week delay in pending MH alteration requests (5,113 pending)
- 12-week delay in pending MP accessory structure requests (4,976 pending)
- 4-week delay in pending MH installation requests (1,816 pending)
- 4-week delay in pending MP/SOP complaints (810 pending)

- 4-week delay in other pending MP/SOP construction permits (1,148 pending)
- 4-6 week delay in pending MP/SOP plan reviews (46 pending)
- 5 week delay in other field assignments (2,106 pending)

HCD is also proposing to amend certain permit review, technical assistance, and inspection fees for clarity and consistency. Currently, certain regulations clearly separate out the processing fee and the fee charged for one hour of inspection or other activity. Other provisions roll the cost of inspections into the fee and it is not apparent what portion of the fee is designated for inspection or other activity. The fee realignment will ensure that applicants pay for the actual cost of the services they are requesting.

Sections Affected:

The following regulatory sections relating to inspections, reinspections, plan review, construction monitoring and occupational licensing services, are proposed for amendment:

Employee Housing Program

Sections 644 and 645:

- Reinspection fees
- Technical service fees

These proposed amendments realign current fee amounts with those determined to reflect the actual cost of the services provided. Both of the above-referenced EH Program fees are based on one hour of inspection time, and support services associated with that inspection. Details of the actual activities included within the functions associated with EH reinspections and technical services, are provided Volume II of this rulemaking record. The applicable costs of each activity and total cost of the services are provided Volume II of this rulemaking record.

Section 644 (a) was further amended to conform to statutory language. Specifically, the term “labor camp” was changed to “employee housing facility”.

Mobilehome and Special Occupancy Parks Program

Sections 1004.5, 1016, 1017, 1020.1, 1020.4, 1020.7, 1020.9, 1025, and 1611.

- Complaint investigation fees
- Approval of alternates and equivalents fee
- Technical service fee
- Accessory structure permit/inspection/reinspection fee
- Installation permit inspection/reinspection fee
- Construction and alteration plan checking fee
- Standard plan approval plan review fee
- Mobilehome parks building reinspection fee
- Certification review, inspection/reinspection fees for mobilehome park earthquake resistant bracing systems

These proposed amendments realign current fee amounts with those determined to reflect the actual cost for providing these services. Additionally, where current regulations set separate, additional fees for permit issuance or applications, these fees have been incorporated into the

costs of the inspection or plan review, based on the actual time needed to perform these administrative functions. (See amendments to Sections 1020.1(a)(1)-(a)(2), 1020.4(a)(1)-(a)(2), 1020.7(a)(1) and (e)(1), 1020.9(b)(7)(A) and 1025(h) - permit issuance and plan resubmission fees; Section 1020.4(b)(1)-(b)(5) - construction or alteration permit fees for accessory buildings and structures that have a standard plan approval from the department for cabañas, armadas, private garages, awnings or carports, porches and fences over six feet high; and Section 1025(c) and (d) earthquake resistant bracing system certification application resubmission fees and certification revision fees.)

Each of these fees is based on one hour of inspection, or plan review time and the support services associated with that inspection or plan review. Details of the actual activities included within the functions associated with Mobilehome Park Program services, are provided in Volume II of this rulemaking record. The applicable costs for each activity and the total cost of each of these services are provided in Volume II of this rulemaking record.

Additionally, Section 1004.5 has been further amended to address reinspections necessitated by a failure to correct ordered violations. This amendment is needed to appropriately fund the costs of inspections caused by those who do not comply with the requirements of the regulations. Currently, this activity is included in the regulations, and therefore has the unfortunate consequence of being supported by fees collected for other services.

This amendment is needed to conform to HCDs statutory mandate to assess fees consistent with program costs and to ensure that costs incurred for services related to a failure to correct violations, are appropriately assessed only on the violators.

The title of Section 1020.4 has been amended for clarity.

Section 1020.7 is further amended in subsection (a)(1) to include a minimum permit fee at the actual inspection costs. This amendment was needed because the individual fees set within the valuation tables contained in this section are not being amended at this time. Establishing the minimum fee consistent with the actual service costs ensures that all fee-for-service activities are fairly assessed. For example, without setting this minimum fee level, the cost for services where a standard plan approval existed, would have been greater than that assessed for those without the standard plan approval. This would be inequitable and would have violated the statutory mandate to establish fees consistent with the costs of the program.

Section 1020.7, subsections (f) and (g), have been amended to clarify the fees assessed for individual park elements are subject to the minimum set in the amendments to subsection (a)(1). The language was also amended to specify that fees are based on the “sum” of the individual elements listed within the valuation tables. This amendment to current language is necessary to clearly state how to calculate fee amounts subject to the provisions of the valuation tables. Note: The fee amounts contained in the valuation table have not been amended.

Sections 2004.5, 2016, 2017, 2020.4, 2020.7, 2020.9, and 2611

- Complaint investigation fees
- Approval of alternates and equivalents fees
- Technical service fees
- Accessory structure permit/inspection/reinspection fees

- Construction and alteration plan checking fees
- Standard plan approval plan review fees
- Building reinspection fees

These proposed amendments realign current fee amounts with those determined to reflect the actual cost for providing these services. Additionally, where current regulations set separate, additional fees for permit issuance or applications, these fees have been incorporated into the costs of the inspection or plan review, based on the actual time needed to perform these administrative functions. (See amendments to Sections 2020.1(a)(1)-(a)(2), 2020.4(a)(1)-(a)(2), 2020.7(a)(1) and (e)(1), and 2020.9(b)(7)(A) - permit issuance and plan resubmission fees; Section 1020.4(b)(1) - (b)(5) - construction or alteration permit fees for accessory buildings and structures that have a standard plan approval from the department for cabañas, armadas, private garages, awnings or carports, porches and fences over six feet high.)

Each of these fees is based on one hour of inspection, or plan review time and the support services associated with that inspection or plan review. Details of the actual activities included within the functions associated with Special Occupancy Park Program services, are provided in Volume II of this rulemaking record. The applicable costs for each activity and the total cost of each of these services are provided in Volume II of this rulemaking record.

Additionally, Section 2004.5 has been further amended to address reinspections necessitated by a failure to correct ordered violations. This amendment is needed to appropriately fund the costs of inspections caused by those who do not comply with the requirements of the regulations. Currently, this activity is included in the regulations, and therefore has the unfortunate consequence of being supported by fees collected for other services.

This amendment is needed to conform to HCDs statutory mandate to assess fees consistent with program costs and to ensure that costs incurred for services related to a failure to correct violations, are appropriately assessed only on the violators.

The title of Section 2004 has been amended for clarity.

Section 2020.7 is further amended in subsection (a)(1) to include a minimum permit fee at the actual inspection costs. This amendment was needed because the individual fees set within the valuation tables contained in this section are not being amended at this time. Establishing the minimum fee consistent with the actual service costs ensures that all fee-for-service activities are fairly assessed. For example, without setting this minimum fee level, the cost for services where a standard plan approval existed, would have been greater than that assessed for those without the standard plan approval. This would be inequitable and would have violated the statutory mandate to establish fees consistent with the costs of the program.

Section 2020.7, subsections (f) and (g), has been amended to clarify the fees assessed for individual park elements are subject to the minimum set in the amendments to subsection (a)(1). The language was also amended to specify that fees are based on the “sum” of the individual elements listed within the valuation tables. This amendment to current language is necessary to clearly state how to calculate fee amounts subject to the provisions of the valuation tables. Note: The fee amounts contained in the valuation table have not been amended.

Factory-Built Housing Program

Section 3060, Subsections (1)(3), (a)(5), (b), (c)(1), (c)(2), (c), (e), (f)(2), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), :

- Plan checking fee
- Plan renewal plan checking fee
- Fees for inspections, reinspections and technical service
- Quality-assurance inspector renewal fee
- Design approval agency renewal fee
- Quality approval agency renewal fee
- Change in manufacturer name, ownership or address fee
- Quality assurance agency certification fee
- Quality assurance inspector certification fee
- design approval agency certification fee

These proposed amendments realign current fee amounts with those determined to reflect the actual cost for providing these services. Each of these fees is based on one hour of inspection, or plan review time and the support services associated with that inspection or plan review, or the actual activities associated with the Factory-Built Housing Program. Details of the actual activities are found in Volume II of this rulemaking record. The applicable costs for each activity and the total cost of each of these services are provided in Volume II of this rulemaking record.

Additionally, Section 3060(d) has been updated to delete the term “field” before “technical service” in the title of this subsection. Within subsections (d), (e) and (h) specific city names have been corrected to refer to the actual point of departure to the site of the inspection to ensure actual costs are reimbursed.

Please also note, the following subsections in Section 3060 are NOT proposed for realignment at this time: Subsections (a)(1)(A) and (a)(1)(B), (a)(2)(A), (a)(2)(B) and (a)(2)(C).

Mobilehome-Manufactured Housing Program

Sections 4044 and 4884:

- Plan checking fee
- Plan resubmission fee
- Plan supplement fee
- Inspection, monitoring and reinspection fees
- Technical services fee
- Replacement insignia fee
- Change in manufacturer name, ownership or address fee
- Component label fee
- Design approval agency approval application fee
- Quality assurance agency approval application fee
- Quality assurance inspector application fee
- Design approval agency approval renewal fee
- Quality assurance agency approval renewal fee

- Quality assurance inspector renewal fee
- Quality assurance inspector renewal fee
- Third-party change of name, ownership or address fee
- Quality assurance inspector change of name, ownership or address fee
- Plan approval monitoring mobilehomes or commercial modular fee
- Quality control manuals for plan approval monitoring fee
- Amendments to approved plans or manuals for plan approval monitoring fee

These proposed amendments realign current fee amounts with those determined to reflect the actual cost for providing these services. Each of these fees is based on one hour of inspection, or plan review time and the support services associated with that inspection or plan review, or the actual activities associated with the Factory-Built Housing Program. Additionally, where current regulations set separate, additional fees for permit issuance or applications, these fees have been incorporated into the costs of the inspection or plan review, based on the actual time needed to perform these administrative functions. (See amendments to Sections 4044(a)(1) and (b) – plan filing fee and alteration or conversion fee; 4044(f) – application fee; 4044(h)(3) - insignia fee for each recreational vehicle (Note: HCD no longer provides insignia for recreational vehicles).)

Details of the actual activities are found in Volume II of this rulemaking record. The applicable costs for each activity and the total cost of each of these services are provided in Volume II of this rulemaking record.

Additionally, the title of Chapter 3, Subchapter 2, has been corrected to reference all of the different types of manufactured units for which these regulations apply. The correct terms for these units have also been appropriately added throughout Sections 4044 and 4884.

The reference to the “Board of Control” in Section 4044(h) has been corrected to read “Department of Personnel Administration” as the appropriate agency to determine reimbursement allowances for State employees.

Occupational Licensing Program **Sections 5040 and 5360:**

- Original manufacturer and distributor license application fees
- Manufacturer and distributor license renewal fees
- Original dealer license application fee
- Dealer license renewal fee
- Original salesperson license application fee
- Change of salesperson or 90-day certificate holder employment fee
- Original 90-day certificate application
- Duplicate license or 90-day certificate
- Change in business or personal name
- Change in business mailing or personal address
- Elimination of partner or corporate officer
- Addition of partner(s) or corporate officer(s)
- Relocation of business
- Change of ownership structure by incorporation
- Change of supervising managing employee

- Change of employment location for 90-day certificate holders
- Dealer examination
- Salesperson examination
- Investigative and technical service fees
- Search for information,
- Summary of employment
- Photocopies of documents
- Certified copies of documents
- Certification of information on file
- Full facial photograph fee
- Examination study guide fee
- Manufacturer statewide licensee list fee
- Dealer statewide licensee list fee
- Course approval new application fee
- Continuing education course approval application fee
- Instructor approval application fee
- Approval of changes to approved courses fee
- Equivalency approval application fee
- Application for exemption fee
- Preliminary and continuing education course approval renewal fee
- Instructor approval renewal fee
- Change of ownership, name, address
- certification of course presentation fee

These proposed amendments realign current fee amounts with those determined to be the actual cost of the services provided. Each of these fees is based on information gathered during time and motion studies for each of the actual activities and costs associated with the Occupational Licensing Program.

Further, Section 5040, subsection (c), has been repealed because HCD no longer issues transportation decals.

The proposed amendment to Section 5040(h) (re-lettered (g)) (3), has been amended to be consistent with actual costs and current HCD regulations contained in Title 25, California Code of Regulations, Section 5660(p).

Additionally, Section 5360(e) has been amended to reflect a rate for reviewing course equivalency approvals to reflect the actual time needed for HCD to review these materials, rather than the length of time for the proposed course to be given. A minimum two-hour rate has been established as that has been found to be the average time taken for this type of review.

Please also note, Section 5360, subsections (i) and (h)(4) are NOT proposed for realignment at this time.

Non-Regulatory Changes Made Throughout the Proposed Regulations

Grammatical and technical changes (including amendments to the authority and reference citations, corrections to the spelling of “mobilehome”, and the deletion of references to

“recreational vehicles”) needed for consistency with prior statutory changes have also been made throughout the proposed regulations.

Additionally, the term “when” has replaced the term “where” when it refers to a time element rather than a location.

Further, when a form is referenced within the regulations, a cross-reference to the form number and revision dates have been provided.

Lastly, when a section is referenced within the regulatory text, a reference to its chapter, subchapter or article is provided for clarity.

Technical, theoretical, and empirical studies, reports, or documents:

HCD utilized information taken from the following sources to determine the appropriate level of fees needed to adequately administer the above-referenced program responsibilities:

- HCD’s Division of Codes and Standards Automated System (CASAS) data system.
- HCD’s Division of Codes and Standards Automated System, WEB CHART 04/02/2003.
- HCD’s Division of Codes and Standards Automated System Earned Amount Summary for Program/Fiscal Year by Application Type for the Mobilehome Parks Program, for Fiscal Years of 2000/2001 and 2001/2002.
- California State Accounting & Reporting System (CALSTARS) FY 2001/2002.

Additionally, HCD relied upon the following documents in proposing these amendments:

- Hourly cost basis for Civil Service classifications used by HCD to implement programs for the Division of Codes and Standards (Rev. Oct 2002).
- Functional Timed Audits: Department of Housing and Community Development
 - Division of Codes and Standards Headquarters 10/2002
 - Division of Codes and Standards Northern Area Office 12/2002
- HCD’s Division of Codes and Standards Workload Statistics (Weekly Reports for June 23-30, 2003)

Copies of the above-referenced documents are located in Volume II of this rulemaking file.

Mandated Specific Technology

No specific technologies are mandated by these proposed regulations.

Reasonable Alternatives to the Regulations and the Agency’s Reasons for Rejecting These Alternatives.

No alternative which was considered would be either more effective than or equally as effective as and less burdensome to affected private persons than the proposed regulations.

Set forth below are the alternatives which were considered, and the reasons each alternative was rejected:

HCD has, over the past four years, reduced staffing as well as certain program services as an alternative to imposing higher fees on its clients. However, the combined effect of these efforts has resulted in sustained and increasing backlogs, as well as staffing limited to responding to only the most egregious health and safety violations.

Reasonable Alternatives to the Proposed Regulatory Action that would Lessen Any Adverse Impact on Small Business.

HCD has neither identified nor has had brought to its attention, any alternatives that would lessen any adverse impact on small businesses.

Significant Adverse Economic Impact on Business and Evidence Supporting Finding of “No Significant Adverse Economic Impact” on any Business

HCD has made an initial determination that these proposed regulations will not have a significant adverse economic impact on any business. Although businesses will be economically impacted, HCD has determined through its program research findings that this impact will be minimal. Additional, detailed information supporting this finding is contained within HCDs Fiscal Impact Statement (Form 399) and copies of the studies undertaken by HCD in its formation of these regulations.